D.M. 6/17/93
T&D 6/18/93
S.R.M. / /
S.A.M. 6/17/93

DM-56-G

June 11, 1993

TO ALL DIVISION MANAGERS

SUBJECT: WINSTON Summer Promotion Extension

In response to recent competitive announcements, the WINSTON Summer Defense Program is being extended to remain competitive at retail through the summer months.

Beginning June 21st, WINSTON base family $4.00/40¢ off product will be allocated on a weekly basis to your direct accounts. Winston SELECT has not been included in this program extension due to the B5G5F/B1G1F promotion beginning June 28th.

The program objectives have not changed. The intent of this program is to defend WINSTON base volume.

During the program extension, it is critical that we allow direct account allocations of the $4.00/40¢ promotion product to flow through our normal distribution channels. This eliminates required prebooking efforts on the part of our sales representatives. Once direct accounts have established how their allocations will be distributed to their customers, your representatives' primary effort should be focused on working with their retail customers to ensure Winston Summer Promotion product has adequate in-store display and point-of-sale support.

By focusing our attention on in-store display and point-of-sale versus prebooking, direct accounts will be better able to manage their limited allocations of WINSTON promotional product. However, if prebooking is deemed necessary, it is imperative that the affected Direct Account approve individual store prebook quantities prior to your selling their respective retail customers. This is especially true when dealing with non direct retail chains.

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RETAIL SUPPORT

Display

The extension of the Summer Promotion allows for retail display support to remain in place. Original display payments and renewals have been extended consistent with the new promotional period. Please refer to the Winston Summer Promotion Fact Book for details. Any additional displays needed should be ordered through SMS in the normal manner.

Coupons/VPR's/Buydowns

The objective of the Summer Promotion extension is to remain competitive, especially where competition has their program in place. Existing full price discount budgets should be utilized in June and July to minimize disruption of promoted WINSTON product at retail and to pull through retail inventories of non promoted base WINSTON and Winston SELECT product.

- Utilize 1st and 2nd quarter remaining full price discount budgets.
- If necessary, you are authorized to move 3rd quarter discount moneys in the plan forward to address your needs in June and July.
- This strategy is extremely important the week of June 14th-18th since many direct accounts may have exhausted their initial allocations of $4.00/40¢ off base WINSTON and Winston SELECT product.

POS

Additional point-of-sale materials are being produced to support the program extension. Based on field input, the POS items have been redesigned to allow "net pricing" communication on virtually all pieces. Quantities have been established based on your sales area's input and will be drop shipped from the supplier to allow the point-of-sale to arrive in the field beginning 6/25/93.

It has been reported that PM is placing adhesive POS and decals on our merchandising fixtures to promote their Marlboro buy-down. Please ensure this competitive POS is removed when it is observed on our fixtures.

DIRECT ACCOUNTS

Following is a copy of the letter that will be mailed to domestic direct buying customers (Military/Institutions excluded) on Friday June 11, 1993.

Please carefully read the promotion details so you can contact your direct buying customers (top down) for the purpose of reviewing details, answering questions, and verifying each direct account has received their available cases printout.

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Product Allocations

- Your direct customers' allocation statements were automatically sent to your printers the evening of Thursday, June 10, 1993. These statements reflect the maximum availability of total WINSTON product on a weekly basis through July 16, 1993.

  NOTE: If you encounter any problem in receipt of this automatic printout, you can request customer statements using the following procedure:

  - SIS Main Menu - Print Report
  - Historical Reports Selection Menu
  - Report Group 15 - Volume Historical Reporting
  - Report Number 151 - WINSTON Summer Promo Extension
  - Selection Number 01
  - Sales Level - Provides all statements for ship-to locations within your division. (Must enter $$$$$$ in account number field.)

    or

  - Account Number - Enter specific ship-to account number (Must enter $$$$$$ in Sales Level field.)

The WINSTON Promotion product allocations will no longer exist in SIS under Promotional Product Allocation - New Brand Generation as before.

Allocation Exceptions

If in your judgment, a direct buying customer has a legitimate business need for additional WINSTON product, over their weekly allocation, the following guidelines must be followed:

- If the immediate need can be satisfied with normal WINSTON product, RJR field sales management can place the extra order with Tobacco Customer Services using the Promotion 900 order designation.

  Note Promotion 950 orders (extended dating) will not be accepted on any WINSTON product.

- If additional WINSTON promoted product is needed, these requests must be forwarded to your Sales Area Office for approval and handling with Winston-Salem.

Be advised that additional WINSTON promoted product (above weekly allocated quantities) will not be available in our public warehouses for immediate delivery.

Program Contacts: General - Bill Duffy - Ext. 5776
Allocations/Exceptions - Fred Baumann - Ext 7149

R. J. REYNOLDS TOBACCO COMPANY

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